



Minnesota Housing eNews Alert

February 8, 2010

Fix-up Fund Loans Secured by Mortgage in First Lien Position

Effective with loan commitments as of today, February 8, 2010, a lower interest rate will be provided for Fix-up Fund and Community Fix-up Fund loans **secured by a mortgage in first lien position**.

This lower interest rate will minimize the likelihood of a lender originating a loan with an Annual Percentage Rate (APR) that triggers the requirements of “Higher Priced Mortgage Loans” as described in recently-implemented changes to Regulation Z (Truth in Lending and Home Ownership and Equity Protection Act). The new rate will be indexed to the federally-specified “average prime rate offer” on prime loans published by the Federal Reserve Board.

Lenders must compare their APR for a loan *secured by a mortgage in first lien position* to the [Minnesota Housing website](#) to ensure that the combination of the interest rate and loan repayment term will not result in an APR that exceeds the first lien position rate by more than 1.49%. Loans in excess (Higher Priced Mortgage Loans) are not eligible for purchase by Minnesota Housing.

The [Fix-up Fund Procedural Manual](#) has been updated with changes. Two of the manual updates include:

- Requirements for loans secured by a mortgage in first lien position are covered in Sections 4.01, 4.02, 4.03, 4.10 and 4.11
- Requirements of the *Signature Requirements* document have moved into the procedural manual for ease of reference. See Section 7.03.

Energy Saver Rebate Program Updates

Minnesota Housing appreciates the work of lender partners to help distribute the stimulus funding quickly. Please note the following updates and information:

Updated Energy Saver Rebate Forms and Fund Balances

The following program forms and fund balance sheet have been updated:

- [Energy Saver Rebate Estimated Funds Balance](#)
- [Energy Saver Rebate Application with Utility Release Form](#)
- [Energy Saver Rebate Information Sheet](#)

- [Energy Saver Rebate Process Guide](#)

Documentation for Windows and Doors

To establish Rebate-eligibility, it is insufficient to submit an estimate and invoice indicating, for example, “11 windows and two doors/Energy Star”.

- The Minnesota Department of Commerce, Office of Energy Security (OES) has directed that the window and/or door estimate and resulting paid invoice must specify the *manufacturer’s name and model name/number*.
- For loans and rebates already in process with incomplete information for windows and doors, lenders must work with homeowners on one of the following options to complete the documentation:
 - The preferred method is to have the contractor specify the manufacturer’s name and model name/number on a copy of the paid receipt, and have the contractor initial the information; or
 - Provide the Manufacturer’s Certification Statement, and have the contractor initial by the units installed; or
 - Provide copies of the Energy Star labels from windows and doors.

Accessories to Furnace Replacement Ineligible

Accessory items related to a furnace replacement are ineligible. These include items such as humidifier, air cleaner, and duct cleaning. Extensive ductwork is also ineligible. Only ductwork intrinsic to furnace replacement, for example the plenum, is eligible.

Installation Hours for Insulation-Walls and Water Heaters

For existing Energy Saver Rebate Applications, provide installation hours in the non-labeled box. The newly-posted version properly labels the needed information.

Model Numbers for Rebate-eligible Improvements

Office of Energy Security urges contractors to accurately state model numbers. A single digit error may result in a Rebate being delayed.

Financing the Cost of Rebate-Eligible Improvements

It is intended that the full cost of Rebate-eligible improvements be financed with a Fix-up Fund. For example, if the contractor’s estimate for Rebate-eligible windows is \$12,000, the full amount of \$12,000 would be financed with the Fix-up Fund loan. However, when a small variance occurs, the Rebate amount will be based on the lesser of the Rebate-eligible cost financed with the loan or the actual cost of the Rebate-eligible items.

Energy Saver Rebates are made possible by a grant from the U.S. Department of Energy and the Minnesota Department of Commerce.

Questions?

Single Family Division Help Desk
651.296.8215 or 800.710.8871 (toll-free)
7:30 a.m. to 5:00 p.m. (business days)